

REVIEW OF LABOR AND ECONOMIC CONDITIONS

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MINNESOTA DEPARTMENT OF JOBS AND TRAINING

RESEARCH AND STATISTICS OFFICE

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Dear Reader:

Effective with this issue to the Review, we will be incorporating several changes. Because it was necessary to close our regional LMI centers due to budget cuts, we have included in the Review selected local data that had previously been disseminated by our LMI centers. We hope that this will at least partially meet those user needs that were previously met by the LMI centers. To enable the inclusion of local data, we shortened the "Feature Article" and eliminated the "Editorial Comment." We will conduct a readership survey in the near future to elicit your opinions regarding the content of the Review and also to purge the mailing list.

The Review Staff

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Articles on labor market conditions and the economic welfare of Minnesota workers or general economic conditions within the State are welcome. Articles should be submitted complete with tables and graphs. Length should not exceed ten double-spaced typewritten pages, including graphs, references, and notes. The editorial board reserves the right to edit articles for length and clarity.

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Research Summaries

WAGES: TRENDS AND OUTLOOK

By Bruce Steuernagel

This quarter's Research Summary feature is a collection of recent reports on wage trends. Both wage and salary survey results from the recent past, as well as forecasts of upcoming wage increases are presented for the reader's information. Most reports show wage and salary increases to be low compared to the average of the past 10 years. However, most forecasters are predicting higher wage increases than the past couple of years and continued low inflation rates. This would mean increases in real wage rates.

White-collar salaries increased moderately between March 1984 and March 1985, according to the Bureau of Labor Statistics' survey of pay for professional, administrative, technical, and clerical occupations in medium and large firms. Salary levels rose between 3 and 6 percent for most of the 25 occupations, compared with those in the March 1984 survey. In contrast, occupational salary increases averaged about 7 percent yearly during the 1970's and rose to more than 9 percent in 1981 and 1982 before starting to drop back in 1983. See Table 1. The annual survey is used in the pay comparability process for Federal white-collar employees.

A closer look at some individual job classifications reveals that the pay differential between entry-level professionals and their experienced coworkers widened during the first half of the 1980's, as the latter generally recorded substantially larger salary increases. The following tabulation illustrates this point for four professional occupations. It shows average salaries for journeyman classifications (GS-11 equivalents) as a percent of the average paid to their corresponding entry-levels (GS-5).

	1980	1985
Accountant	173	183
Auditor	180	186
Chemist	171	174
Engineer	147	150

Table 1. Percent increases in occupational pay levels, national survey of professional, administrative, technical, and clerical pay, March 1970 to March 1985

Occupation	Average annual percent increases					
	1970 to 1980 ¹	1980 to 1981	1981 to 1982	1982 to 1983	1983 to 1984	1984 to 1985
Accountants	7.3	10.0	9.6	6.9	4.7	4.8
Chief accountants	7.9	9.5	11.4	4.2	5.7	6.2
Auditors	6.6	10.3	9.4	6.1	8.0	3.8
Public accountants	(¹)	7.9	6.6	7.1	4.3	4.3
Job analysts	7.0	7.6	9.2	6.7	5.3	5.8
Directors of personnel	7.8	11.4	9.5	8.3	5.3	6.5
Attorneys	7.0	9.8	11.4	7.6	4.8	5.9
Buyers	7.0	9.8	9.4	6.2	5.3	3.8
Chemists	7.2	9.4	10.4	5.8	5.3	5.6
Engineers	7.0	10.9	10.2	7.1	5.2	4.9
Engineering technicians	7.2	10.2	9.4	5.9	4.9	3.7
Drafters	7.3	10.9	8.4	7.6	3.6	3.7
Computer operators	(¹)	—	8.9	6.8	—	4.2
Photographers	(¹)	—	9.7	8.1	6.9	2.3
Computer programmers	(¹)	—	—	6.5	—	4.5
Systems analysts	—	—	—	—	—	4.0
Accounting clerks	6.7	9.6	8.9	8.1	3.8	4.8
File clerks	6.9	8.0	7.2	6.4	2.1	3.7
Key entry operators	7.3	8.2	9.4	7.3	3.4	3.6
Messengers	6.7	9.7	6.4	9.2	2.9	4.1
Personnel clerks assistants	(¹)	—	10.2	9.7	5.4	2.7
Purchasing assistants	(¹)	—	—	9.3	6.8	5.1
Secretaries	(¹)	—	9.2	7.1	5.0	4.7
Stenographers	8.4	12.1	13.8	8.6	5.5	4.9
Typists	7.1	10.2	10.1	6.8	2.0	5.9

¹Average was not computed when data were available for fewer than 8 years.

Note: Dashes indicate that data were not available for one or more years because the survey occupation was newly added or the definition was revised.

Source: Monthly Sales Review, U.S. Department of Labor, BLS, October 1985 p. 44

A Hay group survey among 850 industrials finds that base salary for professionals will be up 6.3% in 1985 and 5.3% in 1986. Increases in base salary for middle managers are anticipated at 6.9% in 1985 and 5.8% in 1986. For executives, the estimated increases are 7.2% and 6.3%. The 1986 estimates assume a 4.5% increase in Consumer Price index for 1985.

The Conference Board reports that salaried employees across the country will receive pay increases averaging 6% this year and in 1986, with the largest gains in banking (7%). Other average increases are 6.5% in insurance, 6% in manufacturing, retailing and utilities; and 5% in construction. The Conference Board's economic model shows the inflation rate at 3.4% this year and 3.5% next.

The Administrative Management Society's Survey of Office Salaries shows that pay for 20 jobs reported in the survey in the 1985-86 survey rose between 1.3% and 10.9% over the year. The top paying job is executive secretary/administrative assistant at \$368 per week, up 3.1% over last year. File clerks are at the bottom, averaging \$213 per week. Lead word processing operators advanced 10.2% to \$335 weekly. ^{1/}

A Business Week survey of major compensation consultants shows that most of them expect pay scales for white-collar employees to rise by 6.2% in 1986, down slightly from the average increases granted in 1984 and 1985, but well above the 4.2% rise in consumer prices expected by the government.

Although pay increases are smaller than in the 1979-81 period, many salaried employees will be better off than in the late 1970s when rampaging inflation caused declines in real earnings.

Workers in high technology will find their wages squeezed in 1986. Although 1985 saw computer and software companies ranking above the national average, with salary increase budgets as high as 7.6%, these workers will get smaller raises in 1986, reflecting the hard times in the computer industry.

The increases projected for white-collar workers appear to be well above those for blue-collar workers. So far this year, the first-year wage increase in major union contracts has averaged only 2.8% says **Business Week**, in reporting on this survey in its October 7, 1985 issue.

The 1985 College Recruiting Report shows starting salaries for inexperienced college graduates up 1.3% to 12% depending upon the field. Engineering bachelors' received an average monthly salary of \$2,248, up 2% from last year, while technical graduates in fields other than engineering were up 5.3% to \$2,057. For non-technical bachelor's graduates, the average was \$1,551, up 5.1% over last year. Among engineering bachelor's graduates, chemical and aeronautical graduates at \$2,325 and \$2,322 respectively were highest paid; the lowest paid were in agricultural and civil engineering at \$1,944 and \$1,982 respectively. The average starting salaries of the other six engineering curricula studied ranged from \$2,188 to \$2,299.

Among other technical bachelor's graduates, the highest paid curriculum was geology, \$2,223 per month, and the lowest chemistry, \$1,894, with the average starting salary in the other four technical curricula ranging from \$1,931 to \$2,148.

Among non-technical bachelor's graduates, the average was \$1,551, up 5.1% from last year with the highest paying curriculum being industrial management, \$1,826, and the lowest education, \$1,444.^{2/} ●●

^{1/}Source: Manpower Comments, Scientific Manpower Commission, September 1985, pages 12, 13.

^{2/}Source: Manpower Comments, Scientific Manpower Commission, November 1985, pages 13, 14.

The Job Market

THE FOOD STORES INDUSTRY

By D. Detrick

Employment in the Food Stores Industry has nearly doubled over the last twenty-five years in Minnesota. Between 1982 and 1990, industry employment is expected to grow almost one and one half times the rate projected for total State employment. The industry's growth rate is also expected to surpass that of the total retail trade sector over the same time period. This article outlines the composition, employment, and occupational staffing patterns for the industry.

The Industry

The Food Stores Industry includes retail stores selling food for home preparation and consumption. Establishments selling beers and liquors or prepared foods and drinks for consumption on the premises are not classified in this industry.

There are over 2,900 food stores in Minnesota. The industry employs about 46,500 workers, or 2.4 percent of the State's nonagricultural wage and salary employment. The Minneapolis-St. Paul nine-county metropolitan area employs 56 percent of the industry's workers.

The majority of the industry's employees (83 percent) are involved in the retail sale of canned or dry goods, fresh fruits and vegetables, meats, fish and poultry in supermarkets, food stores, grocery stores and delicatessens. An additional 10 percent produce or sell bakery goods chiefly sold on the premises. The remaining 7 percent of food store workers are engaged in the following activities: the retail sale of meat and fish; the sale of candy, nuts, sweetmeats, popcorn and other confections; the sale of miscellaneous specialized foods; the sale of fresh fruits and vegetables commonly found in public or municipal markets; and the retail sale of dairy products, excluding ice cream stands and processors and distributors of milk and ice cream.

Occupational Staffing Patterns

About 92 percent of the Food Stores Industry workers are described by five major occupational groups; namely, sales workers, laborers, craft workers, managerial and professional workers, and clerical workers. Table I summarizes occupational staffing patterns for the entire industry.

TABLE I

Occupational Staffing Patterns for the Food Stores Industry

Major Occupational Groups	Percent of Industry Employment		
	1980	1982	1990
Managerial and Professional	6.7	7.0	8.0
Technical	0.2	0.2	0.3
Sales	42.6	43.3	46.5
Clerical	6.1	6.1	6.0
Service	4.6	4.5	4.0
Farming	0.0	0.0	0.0
Craft	11.4	11.1	8.6
Machine Operators	2.9	3.0	3.0
Laborers	25.4	24.8	23.5

Sales workers account for over forty-three percent of the workers in the Food Stores Industry. An increase in the proportion of sales workers is expected as sales employment is projected to rise by thirty-two percent between 1980 and 1990. This rate of growth is considerably higher than the twenty-one percent anticipated for the industry as a whole. Significant sales occupations include cashiers (64 percent), sales supervisors and proprietors (23 percent) and sales workers in other retail and personal services (12 percent).

Laborers represent 25 percent of the industry's employment, forming the second largest major occupational group. By 1990 this share of industry employment is expected to drop as technological advances reduce the need for laborers. Eighty percent of laborers work as stock handlers and baggers. Other laborers are employed as hand packers and packagers (9 percent), laborers excluding construction work (4 percent), and production helpers (3 percent).

The major occupational group of craft workers comprises eleven percent of Food Stores Industry employment. Craft worker's employment fell more than any other occupational group between 1980 and 1982, and is projected to continue this decline into 1990. Sizeable craft occupations include butchers and meat cutters (56 percent), bakers (33 percent), and

production supervisors (6 percent).

Managerial and professional workers make up seven percent of industry employment. The number of food store employees in this major occupational group is projected to increase by forty-four percent between 1980 and 1990. Two occupations expected to experience a similar rate of growth include managers and administrators not elsewhere classified (70 percent of managerial and professional employment), and marketing, advertising and public relations managers (7 percent).

The number of clerical workers should follow the overall employment trend in the Food Stores Industry. Clerical workers are expected to maintain their current six percent share of industry employment through 1990. Significant clerical occupations include the following: bookkeepers, accounting and auditing clerks (33 percent); stock and inventory clerks (20 percent); and general office clerks (11 percent).

The four remaining occupational groups constitute about eight percent of industry employment. Janitors and cleaners and truck drivers of heavy vehicles are the only two occupations with more than 400 workers. By 1990 truck drivers of heavy vehicles are expected to increase their share of employment in the machine operators group. Janitors and cleaners are also projected to form a larger proportion of service employment in the future.●●

SUPPLY/DEMAND FOR SPECIFIC OCCUPATIONS, OCTOBER, 1985 1/

By S. Hamper

MINNESOTA

Shortage Occupations: commissioned sales persons#, food service workers#

Surplus Occupations: entry level managers#, construction workers#, assemblers#, general laborers#

CENTRAL MINNESOTA

Shortage Occupations: highly skilled cooks

Surplus Occupations: sales clerks, cashiers, construction and warehouse laborers#, assemblers

MINNEAPOLIS-ST. PAUL

Shortage Occupations: commissioned sales persons#, skilled clerical workers#, waiters/waitresses, food service workers#

Surplus Occupations: entry level managers#, electronic assemblers#, construction workers, general laborers#

NORTHEASTERN MINNESOTA

Shortage Occupations: none

Surplus Occupations: entry level managers#, teachers#, social workers#, nurses#, office clerical workers#, typists#, bookkeeper#, sales clerks#, maids#, waiters/waitresses#, food production workers#, machinists#, welders#, auto mechanics#, maintenance mechanics#, carpenters#, bricklayers#, pipefitters#, electricians#, painters#, mining crafts#, laborers: construction, general, and mining#

NORTHWESTERN MINNESOTA

Shortage Occupations: commissioned sales persons#

Surplus Occupations: clerical workers#, construction workers#, general laborers#

SOUTHERN MINNESOTA

Shortage Occupations: various part-time positions#

Surplus Occupations: clerical workers, construction workers#, factory workers#

1/ Shortage occupations are those that are difficult to fill or go unfilled due to the lack of qualified applications. Surplus occupations are those in which the number of qualified applicants greatly exceeds the number of openings.

This occupation has been listed as a shortage or surplus occupation in at least two out of the last three quarters of the Review.

Feature Article

ROBOTS: FRIEND OR FOE?

When Star Wars' R2D2 and C3PO joined forces to become the silver screen's first robot comedy team, the movie going public embraced them as it had Laurel and Hardy, Abbott and Costello, Martin and Lewis. Nearly a decade earlier, in Arthur C. Clark's 2001, the HAL 9000 computer, a far less endearing robot-brain, had terrorized the crew of the Discovery space probe as it rendezvoused with the huge monolith circling the planet Jupiter.

Today, the word "robot" alternately evokes the same images of fellow-feeling and fear. Robotics enthusiasts contend that these new super machines will free humans from dangerous and boring work, reduce production costs, and create a new glamour-field of technicians and engineers. At the other extreme, the wary fear that these presently stolid automatons will displace workers en masse (especially low-skilled entry occupations) and drive wages down. Are robots unpredictable humanoid replicas to be feared, as science-fiction often casts them? Or are they willing and infatigable assistants that will eliminate many repetitious, dangerous, low-paying jobs, and create in their place high-paying mentally stimulating jobs?

Will the Real Robot Please Stand Up?

Before the impact of robots can be assessed, the concept of a robot should be refined. The term "robot" comes from the Czech word, robota, which means "forced service." Reflex imagery at the word's mention conjures up pictures of a man-like machine, a sort of work oriented Tin Woodsman. While that image may materialize, the

robot of today is far less glamourless, the most common species being a pillar-mounted, multi-jointed arm that moves mechanically on command from a computer. The Robot Institute of America (RIA), a trade association of industrial robot manufacturers, defines a robot as:

A reprogrammable multifunctional manipulator designed to move material, parts, tools, or other specialized devices through variable programmed motions for the performance of a variety of tasks.

A non-glamorous description of what today essentially remains a non-glamorous piece of hardware. Yet, these first generation robots are uniquely different from other forms of automated machine tools in that they are more controllable and reprogrammable. This flexibility separates them from other fixed-stop and pick-and-place robot look-alikes, and makes them suitable for several manufacturing functions such as welding, spray painting, and applying other coatings. Moreover, robots can do things humans cannot, such as reach into a hot furnace to fetch a part, or things that humans don't like to do, like working with asbestos, lacquers, and other toxic and carcinogenic materials.

Reprogrammability is the key word in defining robotics, but beyond that the concept is somewhat hazy. The Japanese, who are most liberal in their definition, recognize six classes of devices as robots, all multifunctional, memoried, capable of rotation and replacing human workers. The U.S.'s more restrictive definition does not recognize the first two on the list below as "sophisticated" robots.

1. Manual Manipulators: an operator worked manipulator of objects.

2. Fixed Sequence Robot: A manipulator that repetitively performs a predetermined sequence of non-variable operations which cannot be changed easily.
3. Variable-Sequence Robot: The same as 2 above, except that the set information can be easily changed.
4. Playback Robot: A memorized manipulator that can duplicate operations originally learned under human control. All operations (sequence, conditions, and positions) can be recalled or played back to perform the operation repetitively and automatically from memory.
5. N.C. (Numerical Control) Robot: A manipulator commanded by numerical data to perform tasks according to the sequence, conditions, and position given. The controlling software includes punched tapes, cards and digital switches. —
6. Intelligent Robot: A robot with visual and/or tactile sensory perception with which to detect changes in the work environment or work condition in order to decide how to proceed with the operation.

Although most of today's robots are basically "dumb machines" - generally immobile, lacking any visual or tactile sensory perception, and essentially unadaptable to their environment, already some of them are being used to load and unload a variety of machines, and relocate materials. In Japan, they perform fetch-and-tote errands, and function as low-level nurses aides, lifting and turning patients. On the horizon are plans for such diverse functions as night watchman, battlefield tank driver, fruit harvester, and such farm applications as insecticide sprayer, fertilizer spreader, egg inspector and packer, milker, and sheep shearer.

Robot vision is improving, albeit slowly and with great difficulty. A "seeing" robot would scan for something unexpected and presumably stop itself before getting into

trouble. General motors is currently exploring capacitance antennas that measure electric displacement, and at Rensselaer Polytechnic, researchers are studying infrared detectors, such as those used in burglar systems, microwave sensing, and ultrasonic sensors.

But it may be a combination of capacitance sensors and ultrasonic devices such as the rangefinders used in some Polaroid cameras that hold the greatest promise. Such devices fire in sequence eight ultrasonic sensors in a robot arm. An unexpectedly quick echo from any sensor triggers a referring to double-check, and then stops the robot. But considerable work is needed to refine these machines' reliability as well as that of using another approach-- "hearing" robots that halt if a person shouts, "Stop."

Where Robots Work

Japan owns 57 percent of the world's robots, and over 60 percent of them help build automobiles. Roughly 57 percent of that car building function is to perform routine, precise spot welds. Another 24 percent of Japan's auto industry robots perform more complicated arc welding, and 11 percent spray paint or apply other coatings. The U.S. is in second place in the use of robots, just edging out West Germany. Of the U.S.'s 19 percent of the World's share, 70 percent are used in the automobile industry, mostly to weld and coat. England, as Prime Minister Thatcher laments, uses only about six percent of the world's robots.

Virtually all robots today are used in manufacturing firms. The bulk of these devices cut, bend or join fabricated metal products and machinery, and the rest work with instruments and related products, primarily electronics. In Japan robots work in shipyards, textile mills, and appliance factories. The

Japanese are also a major exporter of robots.

May I Cut In?

In view of the excitement over robots, one would think that their application would have proliferated. The truth is, relatively few industries actually use them, undoubtedly because to date, their proven industrial applications are limited compared with their cost.^{1/} Current economic uncertainty is also a villain. Potential robot users are hesitant to make investments because they lack confidence in the current economic recovery continuing and being permanent. Transient increases in manufacturing can be filled by adding people that can be let go during economic downturns. Assembly tasks hold promise for the future, but it is estimated that in 1982 only 6,300 robots were operating in U.S. factories, and fewer than 2,000 workers nationwide were employed to design, construct, operate, and repair them. The W.E. Upjohn Institute for Employment Research in Kalamazoo, MI, projects that in 1990 there will be from 50,000 to a maximum of 100,000 robots in the U.S. If accurate, this implies an annual growth rate of 30 to 40 percent for the intervening eight years, and that roughly 15,000 to 19,200 robots are already operating in the U.S. in 1985.

Other studies are more conservative. One of them speculates that the U.S. auto industry could have 14,000 to 20,000 robots in place by 1990, and that the total for all U.S. industries could reach 40,000, given a breakthrough in the state-of-the-art.

Corresponding to the W.E. Upjohn Institute projection of 100,000 robots working by 1990, are other estimates of 100,000 to 200,000 robots, one quarter of them in the auto industry. Even that many robots should not

create a general problem before 1990 because the elimination of a job task is not the same as an actual layoff of workers. The reason is that voluntary turnover has historically taken up the slack. Recent GM-UAW agreements appear to provide adequate job security measures. Nevertheless, in the most affected auto industry, the intrusion of robots into the labor force will be serious. Perhaps 6-11 percent of the operatives and laborers will be displaced between 1982 and 1990, particularly those who paint and weld where the loss may be 15-20 percent for welders, and 27-37 percent for painters.

Although few workers will be thrown out of jobs, job seekers may find that these traditional sources of opportunity have dried up. As robots become less expensive, easier to install, and increasingly infused in industry, it will undoubtedly be the less skilled whose jobs can be performed by robots who will be affected.

Job Creation

On the brighter side, the forecast for 1990 also includes the direct creation of 32,000 to 64,000 jobs in the U.S., over half of them for technicians and engineers to manufacture, supply, operate, and service robots. Most of this group will be technicians - those with the training and experience to test, program, install, troubleshoot and maintain robots. The rest will mainly be engineers - primarily electrical and mechanical - who will work on the development and construction side.

No good data exists from which to estimate the net employment impact on the nation's labor force, let alone Minnesota's. Robotics are not identified as a separate industry in

^{1/} According to the Robotics Industry Association, the average robot in the U.S. currently costs about \$65,000 per installation (discounting the cost of redesigning the workplace) and has a life expectancy of about five to eight years.

government classification systems. The Bureau of Labor Statistics (BLS) places lifting and handling robots with Standard Industrial Classification (SIC) 3537-Industrial Trucks and Tractors. All other robots are in SIC 3569-General Industrial Machinery, NEC. This hinders the production of good information on robotics.

Tanner and Adolfson, in their study for the auto industry, thought that in the early 1980's one robot replaced 0.9 workers, and that that will improve to 1.2 workers by 1990. So in a two-shift operation (an assumed average), two workers may soon be displaced for each robot installed.

The impact of robotics on Minnesota's industry and labor force will undoubtedly be evolutionary rather than revolutionary. The use of robotics in Minnesota is so small and likely to remain small until the turn of the century, that the overall impact on employment (and unemployment) will be slight. Jobs eliminated by robotic devices should be at the semi- or unskilled level, while the jobs created will require significant technical background. One main factor limiting the use of robotics in the near future could be the lack of trained personnel, both to design and implement robotics technology, and to maintain and support it once installed. The main shortages would be for engineers with practical robotics experience.

Robots are only one type of automated equipment, and it is important that the training be sufficiently varied to ensure that students in these programs graduate flexible enough to work on varied types of equipment. Although most robotics technicians may be trained in two-year college or vocational technical programs, it's also likely that many firms will upgrade existing workers according to their own methods.

Already the Vocational Technical Institutes in Minnesota are having difficulty finding qualified instructors for state-of-the-art robotics programs, and the students entering these classes often are already engineers or engineer technicians.

In spite of considerable hype, robotics is still an infant industry, and even at 30 to 40 percent annual growth rates, it could not exert formidable impact on job elimination within the next decade. Job creation due to robotics will be even more modest. Engineers and technicians will require specialized training. Overall supply-demand conditions for robotic technicians and engineers for Minnesota (and the Nation) are impossible to evaluate now, but one thing seems clear: the education system should focus on training fewer, highly skilled, ready-to-work graduates rather than a lot of minimally trained, entrants into this job market. ■■■

Brief Analysis Of Economic Conditions

THE NATIONAL AND STATE ECONOMIES IN THE THIRD QUARTER

By B. Boyle

Nation

The Nation's economy improved in the third quarter largely as a result of strong consumer spending, particularly on purchases of new cars. In October, however, consumption dropped sharply and a number of economists believe that the growth of spending as well as overall gross national product will be slower in the fourth quarter.

Labor market conditions were a little brighter in the third quarter. The Nation's seasonally adjusted unemployment rate averaged 7.2 percent in the third quarter, down from 7.3 percent in the second quarter and 7.4 percent in the third quarter of 1984. Also, seasonally adjusted nonfarm payroll employment rose by 642,000 in the third quarter after a very weak rise of 563,000 in the second quarter. However, payroll employment gains in

the five previous quarters had all been greater than 800,000 per quarter. Employment in manufacturing has now declined for three quarters while employment growth in trade has slowed considerably in the past three quarters. The large October increase of 414,000 in payroll employment may have been exaggerated because a number of normal seasonal declines did not materialize.

Developments in other indicators in October suggest that economic growth in the fourth quarter may be sluggish. Both retail sales and personal consumption expenditures fell sharply in October after good gains in August and September. The major cause of these declines was the end of cut-rate financing for new cars. Also industrial production continued to be weak, showing no growth in October after a small decline in September.

State

Economic developments in Minnesota in the third quarter were rather mixed, with a rise in unemployment and a decline in total employment contrasting with a healthy increase in nonagricultural wage and salary employment. In October, however, total employment also rose substantially.

The State's seasonally adjusted unemployment rate rose significantly in the third quarter, climbing from 5.2 percent in the second quarter to 5.9 percent in the recent quarter. In the third quarter of 1984, the rate averaged 6.0 percent. Seasonally adjusted total employment fell by 9,900 in the third quarter after a drop of 31,000 in the second quarter. On the other hand, adjusted nonfarm payroll employment rose by nearly 4,400 in the third quarter after a gain of only 1,300 in the second

quarter. A large part of the third quarter rise in payroll employment was in the services and government sectors. Employment in manufacturing fell for the third consecutive quarter, dropping by 5,100 in the third quarter after declines of 3,100 in the second quarter and 900 in the first quarter. Trade employment also has been declining in the past six months, falling by 400 in the third quarter after a drop of 2,000 in the second quarter. Employment in construction barely rose in the third quarter following a decline of 1,900 in the second quarter. In October, seasonally adjusted total employment climbed by 23,000 while adjusted payroll employment increased by 3,300. Over-the-year, total employment was down by 23,000 while nonfarm employment was up by 28,000. Except for mining and manufacturing, employment in all industry divisions was above year earlier levels. ●●

Forecasts

FORECASTS OF GNP & MINNESOTA PAYROLL EMPLOYMENT

By C. Cline

Our forecasts continue to show strong growth. For the period 85:3 - 86:3 real GNP is forecasted to grow at 7.77 percent and total Minnesota wage and salary employment by 5.51 percent. Over the next four quarters, ending with 87:3, the growth rates are 4.96 for real GNP and 6.86 for employment. These rates are just slightly above last quarter's forecasts. The remarks as to freedom from judgemental revision of the computed forecasts, leaving that to the discretion of each reader, and the impact of interest rate reductions and presence of trend terms in our equations still apply.

When compared with actual third quarter values, our forecasts were slightly

high, although for four of the more stable industries we were low. However other forecasters were overly bearish. This prompts the following remarks.

All forecasts, whether of state revenue and employment or national GNP, are bound to be wrong. Risk and uncertainty is part of the game and forecasting is one activity in which one is always sure to be wrong. Forecasts are just data to the decision maker, and just as no decision maker relies on any one set of data in making decisions, the same applies to forecasts. He or she must gather several proficient forecasts, seek council and apply judgement, and then arrive at his or her own synthesis.

Quarter	Real GNP (Billions of 1972 Dollars)	MINNESOTA PAYROLL EMPLOYMENT, BY QUARTER (In Thousands)								
		Total Nonagricultural Wage & Salary	Mining	Contract Construction	Manufacturing	Transportation, Communications, & Public Utilities	Retail and Wholesale Trade	Finance, Insurance, & Real Estate	Services	Government
<u>Current</u>										
1985-III	1688.90	1894.30	9.12	85.36	383.61	99.35	481.94	111.59	444.49	278.84
<u>Forecasts</u>										
1985-IV	1719.09	1924.99	8.39	81.19	376.95	101.99	489.62	111.36	453.99	302.57
1986-I	1754.66	1888.09	8.29	61.60	372.76	99.30	474.40	111.81	453.76	303.93
1986-II	1787.66	1962.42	9.77	77.72	382.08	101.79	496.60	114.32	471.79	303.91
1986-III	1820.12	1998.76	9.93	92.44	402.64	103.15	505.39	116.24	478.93	281.25
1986-IV	1848.43	2047.77	9.37	88.39	402.44	107.51	517.48	116.32	489.38	304.24
1987-I	1871.55	2014.98	8.91	66.70	402.07	105.34	503.57	116.87	488.74	306.32
1987-II	1892.58	2057.04	10.18	83.95	413.33	108.00	528.92	119.67	509.53	306.06
1987-III	1916.44	2135.96	10.28	99.34	434.50	109.39	537.06	121.78	516.58	284.52

Notes

1. These forecasts are produced using the Vector Autoregression model developed for Research by Rao Aiyagari.
2. The concept of employment forecasted is that of Nonagricultural Wage and Salary employment. The count represents the number of jobs held since the data is generated from a survey of employer payroll records. Groups included in labor force employment, but excluded here are the self employed, domestics, unpaid family workers, employees of nonprofit institutions, and those government workers not covered by unemployment insurance.
3. Employment forecasts are seasonally unadjusted values. Real GNP is seasonally adjusted.
4. Forecasts of major industry employment do not sum to the forecast of total wage and salary employment. This is due to random error in the forecasted values.
5. There is great diversity in the accuracy of the forecasts among the major industry divisions, especially mining. More information on their accuracy can be obtained from the author on request.

Analysis of Local Conditions

CENTRAL AND NORTHWEST MINNESOTA

by Ron Daws

LABOR FORCE ESTIMATES									
AREA	CIVILIAN LABOR FORCE			UNEMPLOYMENT			UNEMP. RATE		
	Oct. 1985	Sept. 1985	Oct. 1984	Oct. 1985	Sept. 1985	Oct. 1984	Cur. Mo.	Mo. Ago	Yr. Ago
St. Cloud MSA	81157	80218	81708	5003	4852	5643	6.1	6.0	6.9
REGION 1	46946	46701	48349	2908	2839	3178	6.2	6.1	6.5
Kittson	3348	3349	3511	191	181	251	5.7	5.4	7.1
Marshall	6088	6138	6513	464	474	571	7.6	7.7	8.8
Norman	4642	4764	4723	199	203	206	4.3	4.3	4.4
Pennington	6288	6221	6463	413	376	431	6.6	6.0	6.7
Polk	17753	17497	18826	1067	1100	1125	6.1	6.3	6.0
Red Lake	2183	2151	2272	218	192	230	10.0	8.9	10.1
Roseau	6644	6581	6041	336	313	362	5.1	4.8	6.0
REGION 2	26855	30834	31935	2386	2166	2678	8.9	7.0	8.4
Beltrami	16704	16382	16998	1066	969	1293	6.4	5.9	7.6
Clearwater	3913	3954	4155	443	429	536	11.3	10.8	12.9
Hubbard	1581	5694	5954	519	438	491	9.3	7.7	8.2
Lake of Woods	1951	2018	1860	138	120	116	7.1	5.9	6.3
Mahnomen	2706	2786	2968	220	210	240	8.1	7.5	8.1
REGION 4	101595	101845	103301	5142	5209	5400	5.1	5.1	5.2
Becker	12123	12468	12651	903	862	1177	7.4	6.9	9.3
Clay	28781	28276	28852	902	1027	713	3.1	3.6	2.5
Douglas	14124	14218	14058	840	786	834	5.9	5.5	5.9
Grant	3529	3497	3593	151	138	177	4.3	3.9	4.9
Otter Tail	24486	24818	25300	1519	1539	1709	6.2	6.2	6.8
Pope	5577	5742	5647	320	326	295	5.7	5.7	5.2
Stevens	5941	5763	5969	211	206	202	3.6	3.6	3.4
Traverse	2784	2841	2906	97	100	113	3.5	3.5	3.9
Wilkin	4247	4222	4325	199	225	180	4.7	5.3	4.2
REGION 5	58100	59159	58774	4307	4036	4533	7.4	6.8	7.7
Cass	10355	10881	10697	840	738	831	8.1	6.8	7.8
Crow Wing	17950	18354	17592	1389	1269	1412	7.7	6.9	8.0
Morrison	12990	12874	13179	1020	992	1133	7.9	7.7	8.6
Todd	11354	11520	11751	713	692	745	6.3	6.0	6.4
Wadena	5451	5530	5555	345	345	409	6.3	6.2	7.4
REGION 6E	58980	60486	59446	3476	3347	3357	5.9	5.5	5.6
Kandiyohi	18523	18717	19016	971	901	911	5.2	4.9	4.8
McLeod	17057	18504	17540	840	782	934	4.9	4.2	5.3
Meeker	10939	11054	11166	805	786	752	7.4	7.1	6.7
Renville	12161	12211	11724	860	878	760	7.1	7.2	6.5
REGION 7E	54623	54501	54852	3490	3545	3237	6.4	6.5	5.9
Chisago	15795	15524	15860	745	730	730	4.7	4.7	4.6
Isanti	14189	14023	14093	737	800	570	5.2	5.7	4.0
Kanabec	5784	5881	5765	547	606	514	9.5	10.3	8.9
Mille Lacs	9171	9263	9320	670	617	641	7.3	6.7	6.9
Pine	9684	9810	9814	791	792	782	8.2	8.1	8.0
REGION 7W	116956	115274	117427	6709	6395	7088	5.7	5.6	6.0
Benton	12767	12487	12795	747	832	1032	5.9	6.7	8.1
Sherburne	15560	15231	15326	1214	1033	996	7.8	6.8	6.9
Stearns	52830	52500	53587	3042	2987	3615	5.8	5.7	6.7
Wright	35799	35056	35719	1706	1543	1445	4.8	4.4	4.0

Over the first 10 months of 1985, the unemployment rates for the St. Cloud MSA have averaged about half a percentage point below those of 1984, with the most improvement over the year occurring since last summer. Early this year over 3200 more people worked in the St. Cloud MSA than a year ago, but by October this advantage had dwindled to 90.

The main employment loser over the year was the Nondurable Manufacturing industry with 133 fewer people (down 2.9 percent). In terms of actual employment loss, Services and Miscellaneous (mainly Mining) lost 168 workers (down 1.4 percent). All other industries added workers, especially Construction, which employed 381 or 12.2 percent more people than last year.

Over the month (September to October), Government was the main gainer of workers (612 persons or 5.3 percent) as schools geared up for the fall opening. Construction employment, up this year over last, lost 211 workers (5.7 percent) since September, however.

The table below provides nine years of summary labor force data for the St. Cloud MSA.

ST. CLOUD MSA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT						
INDUSTRY	EMPLOYMENT			PERCENT CHANGE		
	Oct. 1985	Sept. 1985	Oct. 1984	Month Ago	Year Ago	
Total Nonagricultural Wage & Salary	62845	62214	61336	1.0	2.5	
Total Manufacturing	10116	10114	10247	0.0	-1.3	
Durable Goods	5605	5676	5603	-1.3	0.0	
Nondurable Goods	5411	4438	4644	1.6	-2.9	
Total Nonmanufacturing	52729	52100	51089	1.2	3.2	
Construction	3504	3715	3123	-5.7	12.2	
Transp., Comm. & Pub. Util.	4080	4105	3790	-0.6	7.7	
Wholesale Trade	3199	3217	3008	-0.6	6.3	
Retail Trade	15359	15265	14539	0.6	5.6	
Finance, Insur. & Real Estate	2106	2098	2050	0.4	2.7	
Service & Miscellaneous	12260	12091	12428	1.4	-1.4	
Government	12221	11609	12151	5.3	0.6	

Labor Force, Unemployment, & Unemployment Rate for the St. Cloud MSA

Year	October			Annual Av.		
	L.F.	Un.	Rt.	L.F.	Un.	Rt.
1977	65309	3165	4.8	64024	4234	6.6
1978	67407	2580	3.8	66376	3468	5.2
1979	71310	3240	4.5	70136	3983	5.7
1980	73497	4879	6.6	73045	5719	7.8
1981	76259	5040	6.6	75270	5205	6.9
1982	77230	6049	7.8	76631	6854	8.9
1983	78852	5065	6.4	78185	7497	9.6
1984	81708	5643	6.9	80113	6448	8.0
1985	81157	5003	6.1	-	-	-

Analysis of Local Conditions

MINNEAPOLIS-ST. PAUL MSA

By B. Steuernagel

Total nonagricultural wage and salary employment in the Minneapolis-St. Paul MSA increased by more than the usual rate between September and October. Nearly half of this growth was due to greater than seasonal growth in state education and local government public administration employment. The number of jobs in the manufacturing sector declined for the seventh time in the past eight months. On a seasonally adjusted basis, the number of jobs in the transportation industry was down, while service industry and communications/public utility jobs remained unchanged between September and October. Small employment gains were registered in the construction, trade, and finance industries after adjusting for seasonal variations.

Job growth in the Twin Cities area has slowed significantly since the first of the year. This has also been true nationally but the slowdown has been less pronounced. At the beginning of the year, total nonagricultural payroll employment was 6.0 percent greater than a year earlier in the Twin Cities area

and 3.9 percent greater than a year earlier in the Nation. In October, Twin Cities area wage and salary jobs were 2.0 percent ahead of October, 1984, compared to 3.1 percent for the Nation. A rapid deceleration in job growth locally has occurred in the manufacturing and trade sectors. At the beginning of the year, the number of manufacturing jobs in the Twin Cities area was 5.2 percent greater than a year earlier, while in October it is 1.7 percent less than a year earlier. In the trade sector, employment was 8.0 percent greater in January 1985 than January 1984, but in October trade employment was only 1.5 percent ahead of a year ago.

The unemployment rate in the Twin Cities area continued to inch upward in October and now is 0.3 of a percentage point higher than the same time a year ago.

The number of unemployed residents has been moving upwards from about a year ago at this time, but the unemployment rate has not increased dramatically because of a combination of factors. First, employment has continued to grow albeit at a slower rate. Secondly, labor force growth has been slow which is probably due to lower numbers of teenagers looking for work and stable labor force participation rates among adult women in contrast to rising rates in previous years. Economic growth, although slow during 1985, has managed to absorb most, but not all of the people entering the labor force. Consequently, the unemployment rate has risen, but only slightly.

LABOR FORCE ESTIMATES									
AREA	CIVILIAN LABOR FORCE			UNEMPLOYMENT			UNEMP. RATE		
	OCT. 1985	SEPT. 1985	OCT. 1984	OCT. 1985	SEPT. 1985	OCT. 1984	OCT. 1985	SEPT. 1985	OCT. 1984
Minneapolis-St. Paul MSA*	1,287,977	1,265,901	1,290,434	57,846	56,313	54,000	4.5	4.4	4.2
REGION 11	1,196,077	1,175,517	1,199,173	53,071	51,962	50,090	4.4	4.4	4.2
Anoka	120,596	118,474	120,148	6,033	5,860	4,976	5.0	4.9	4.1
Carver	22,427	22,004	22,310	906	849	674	4.0	3.9	3.0
Dakota	120,069	117,990	120,293	5,181	5,057	4,795	4.3	4.3	4.0
Hennepin	562,568	553,050	564,458	24,876	24,509	23,907	4.4	4.4	4.2
Ramsey	273,734	269,360	275,174	11,998	12,078	12,047	4.4	4.5	4.4
Scott	27,052	26,470	26,851	1,366	1,221	1,028	5.0	4.6	3.8
Washington	69,631	68,169	69,939	2,711	2,388	2,663	3.9	3.5	3.8
Chicago*	15,795	15,524	15,860	745	730	730	4.7	4.7	4.6
Isanti*	14,189	14,023	14,093	737	800	570	5.2	5.7	4.0
Wright*	35,799	35,056	35,719	1,706	1,543	1,445	4.8	4.4	4.0
St. Croix, WI	26,117	25,781	25,587	1,587	1,278	1,163	6.1	5.0	4.5
Bloomington	49,016	48,228	49,075	2,206	2,214	2,016	4.5	4.6	4.1
Minneapolis	217,189	213,659	218,222	10,092	10,086	10,024	4.6	4.7	4.6
St. Paul	159,548	157,016	160,390	7,831	7,881	7,867	4.9	5.0	4.9

* Chicago, Isanti and Wright counties are a part of the Minneapolis/St. Paul-MN-WI MSA, but are included in Region 7.

Analysis of Local Conditions

MPLS-ST. PAUL NONAGRICULTURAL WAGE & SALARY EMPLOYMENT, HOURS & EARNINGS

Industry	EMPLOYMENT ^{1/} (thousands)			PERCENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS ^{2/}					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Oct. 1985	Sept. 1985	Oct. 1984	Sept. 1985	Oct. 1984	Oct. 1985	Sept. 1985	Oct. 1985	Sept. 1985	Oct. 1985	Sept. 1985
Total Nonagricultural	1234.5	1223.5	1210.0	0.9	2.0						
Manufacturing	257.7	259.0	262.1	-0.5	-1.7	442.95	427.35	10.91	10.50	40.6	40.7
Durable Goods	163.6	164.2	168.3	-0.4	-2.8	448.26	441.42	10.88	10.51	41.2	42.0
Lumber and Furniture	7.7	8.1	7.2	-5.5	6.7	441.21	447.80	11.46	10.74	38.5	41.7
Stone, Clay and Glass	3.0	3.0	3.7	-1.9	-19.9	391.68	404.37	10.20	10.16	38.4	39.8
Primary Metals	4.5	4.5	4.6	-1.1	-3.2	340.34	370.15	9.10	9.05	37.4	40.9
Fabricated Metals	28.3	28.4	28.4	-0.4	-0.7	511.41	491.77	12.09	11.49	42.3	42.8
Nonelectrical Machinery	71.2	71.2	73.7	0.0	-3.4	459.95	461.78	11.03	10.84	41.7	42.6
Office and Computing	37.3	37.3	39.1	0.3	-4.5	504.50	514.42	11.44	11.56	44.1	44.5
Electrical Machinery	16.5	16.6	18.2	-0.4	-9.3	350.75	357.28	9.04	8.63	38.8	41.4
Transportation Equipment	4.2	4.2	4.1	1.6	4.5	644.48	579.47	14.29	13.23	45.1	43.8
Scientific Instruments	23.8	23.8	24.5	-0.2	-3.0	420.58	408.29	9.99	9.91	42.1	41.2
Miscellaneous Manufacturing	4.5	4.4	3.9	1.4	13.4	382.62	349.15	9.11	9.78	42.0	35.7
Nondurable Goods	94.2	94.8	93.8	-0.7	0.4	434.81	402.82	10.98	10.49	39.6	38.4
Food and Kindred	18.7	19.1	18.8	-2.2	-0.6	381.92	380.83	9.27	9.38	41.2	40.6
Textiles and Apparel	2.0	2.0	2.5	-0.5	-18.4	228.75	228.16	6.25	6.20	36.6	36.8
Paper and Allied	25.8	25.9	26.1	-0.4	-1.1	466.56	433.94	11.52	11.07	40.5	39.2
Printing and Publishing	29.9	29.9	28.7	-0.1	3.9	454.20	400.64	11.89	11.16	38.2	35.9
Chemicals and Petroleum	8.5	8.5	8.4	-0.1	1.6	499.82	490.40	12.59	12.26	39.7	40.0
Rubber, Plastic and Leather	9.2	9.3	9.2	-0.9	0.2	369.87	352.88	9.27	8.80	39.9	40.1
Nonmanufacturing	976.8	964.5	947.9	1.3	3.1						
Mining											
Metal Mining											
Construction	55.2	54.9	53.1	0.5	3.9	642.05	607.92	16.72	16.04	38.4	37.9
Transport., Comm., & Pub. Util	68.0	67.8	68.3	0.2	-0.5						
Transportation	45.8	45.6	45.0	0.6	1.8						
Trucking and Warehousing	15.4	15.4	16.5	-0.2	-7.2	406.94	409.12	12.56	12.14	32.4	33.7
Communication and Public Util	22.1	22.2	23.3	-0.5	-5.1	530.60	514.02	13.64	13.18	38.9	39.0
Trade	304.0	303.5	299.5	0.2	1.5	242.57	240.99	8.14	8.06	29.8	29.9
Wholesale	79.2	79.1	78.0	0.1	1.5	402.80	401.28	10.60	10.56	38.0	38.0
Retail	224.9	224.4	221.5	0.2	1.5	194.10	192.78	7.11	7.01	27.3	27.5
Building Materials	9.9	10.0	10.3	-0.9	-3.2	335.07	351.56	9.13	9.35	36.7	37.6
General Merchandise	38.5	36.5	38.7	5.3	-0.6	183.70	174.65	6.68	6.26	27.5	27.9
Food Stores	26.3	26.5	27.1	-0.8	-2.9	241.82	237.85	8.31	8.23	29.1	28.9
Automotive	22.5	22.6	20.7	-0.7	8.7	398.73	384.85	10.12	10.29	39.4	37.4
Apparel	12.0	11.8	11.6	1.7	4.1	123.66	127.70	5.11	5.17	24.2	24.7
Home Furnishings	9.5	9.3	8.4	1.8	12.3	199.00	252.65	7.21	7.92	27.6	31.9
Eating and Drinking	76.7	78.5	74.4	-2.2	3.1	100.74	98.79	4.82	4.66	20.9	21.2
Fin., Insur., Real Est.	83.9	83.8	80.6	0.2	4.1	315.30	317.32	8.71	8.53	36.2	37.2
Finance	35.4	35.1	34.0	0.9	3.9	312.84	332.94	8.69	8.95	36.0	37.2
Insurance	33.8	34.0	32.2	-0.8	4.8	366.44	357.20	9.42	8.67	38.9	41.2
Real Estate	14.8	14.7	14.4	0.6	2.9	214.52	202.88	6.92	7.02	31.0	28.9
Services	304.7	306.0	288.6	-0.4	5.6						
Personal Services	15.4	15.0	13.7	2.4	12.0						
Business Services	72.4	73.4	68.3	-1.3	6.0						
Repair Services	14.5	14.3	14.1	1.4	2.9						
Health Services	77.5	77.6	74.1	-0.1	4.7						
Hospitals	27.5	27.4	27.1	0.5	1.5						
Nursing Homes	21.8	22.1	20.9	-1.4	4.2						
Legal Services	9.6	9.6	8.7	0.6	10.0						
Private Education	16.5	15.9	15.6	4.1	6.0						
Government	161.0	148.5	157.7	8.4	2.1						
Federal	19.0	18.9	17.8	0.6	6.9						
State	48.1	42.2	48.1	14.1	0.1						
Education	27.1	21.1	26.6	28.4	2.0						
Local	93.8	87.4	91.8	7.3	2.2						
Education	51.9	44.9	50.5	15.6	2.8						

^{1/} Totals may not add because of rounding.

^{2/} Average earnings data are on a "gross" basis and are derived from reports of payroll for full and part-time production or nonsupervisory workers. The payroll is reported before deductions of any kind. Bonuses, retroactive pay, tips, payment in kind, and "fringe benefits" are excluded.

Analysis of Local Conditions

NORTHEAST MINNESOTA

By S. Hamper

The unemployment rate edged up from 9.9 percent to 10.1 percent in the Northeastern Minnesota area from September to October. Increases in unemployment are expected at this time of year, as seasonal layoffs occur in construction and tourism oriented industries. The area's unemployment rate remains substantially higher than that of the rest of the State.

Nonagricultural wage and salary employment increased by 700 in the City of Duluth and 1,280 in the Duluth-Superior MSA from September to October. Virtually

all of this increase was registered in the Education, Government, industry sector.

Compared to October a year ago, the size of the labor force in Northeastern Minnesota has decreased by 8,165. Some of this decrease is most likely due to the population loss that has been occurring in the area since the recession. However, most of the decrease is probably attributable to an increased number of discouraged workers who have dropped out of the labor force until economic conditions are more favorable.

LABOR FORCE ESTIMATES									
AREA	CIVILIAN LABOR FORCE			UNEMPLOYMENT			UNEMP. RATE		
	Oct. 1985	Sept. 1985	Oct. 1984	Oct. 1985	Sept. 1985	Oct. 1984	Oct. 1985	Sept. 1985	Oct. 1984
<u>REGION 3</u>	131,877	130,028	140,042	13,331	12,913	12,994	10.1	9.9	9.3
Aitkin	5,246	5,369	5,485	594	573	644	11.3	10.7	11.7
Carlton	11,130	11,198	12,091	1,359	1,336	1,099	12.2	11.9	9.1
Cook	2,282	2,344	2,313	159	157	154	7.0	6.7	6.7
Itasca	16,609	16,273	17,659	1,977	1,793	1,636	11.9	11.0	9.3
Koochiching	7,386	7,400	7,890	896	878	701	12.1	11.9	8.9
Lake	4,378	4,450	4,185	531	472	567	12.1	10.6	13.5
St. Louis	84,846	82,994	90,419	7,815	7,704	8,193	9.2	9.3	9.1
Duluth Only	33,889	33,049	36,651	2,182	2,058	2,805	6.4	6.2	7.7
Balance St. Louis	50,957	49,945	53,768	5,633	5,646	5,388	11.1	11.3	10.0

DULUTH AND DULUTH-SUPERIOR MSA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT										
INDUSTRY	EMPLOYMENT DULUTH			PERCENT CHANGE		EMPLOYMENT DULUTH-SUPERIOR			PERCENT CHANGE	
	Oct. 1985	Sept. 1985	Oct. 1984	Mo. Ago	Yr. Ago	Oct. 1985	Sept. 1985	Oct. 1984	Mo. Ago	Yr. Ago
Total Nonagricultural Wage & Salary	41,470	40,770	41,360	1.7	0.3	86,010	84,730	88,630	1.5	-3.0
Total Manufacturing	3,440	3,490	3,350	-1.6	2.5	6,500	6,620	6,340	-1.8	2.5
Durable Goods	1,620	1,650	1,650	-1.8	-2.1	3,490	3,570	3,490	-2.1	0.0
Nondurable Goods	1,820	1,850	1,700	-1.5	7.0	3,010	3,050	2,850	-1.5	5.6
Total Nonmanufacturing	38,040	37,270	38,010	2.0	0.1	79,510	78,110	82,300	1.8	-3.4
Construction	1,430	1,470	1,490	-3.2	-4.0	3,080	3,220	3,390	-4.5	-9.3
Transp., Comm. & Pub. Util.	3,290	3,330	3,300	-1.1	-0.2	6,360	6,400	6,620	-0.6	-3.8
Wholesale Trade	1,730	1,730	1,810	0.0	-4.4	3,820	3,820	3,890	0.0	-1.9
Retail Trade	8,950	8,920	9,480	0.4	-5.6	17,320	17,360	18,520	-0.2	-6.5
Finance, Insur. & Real Estate	1,760	1,760	1,710	-0.1	2.9	3,020	3,030	2,940	-0.2	3.0
Service & Miscellaneous	11,360	11,460	11,380	-0.9	-0.2	25,230	25,700	27,660	-1.8	-8.8
Government	9,520	8,600	8,840	10.7	7.6	20,680	18,580	19,280	11.3	7.3

Analysis of Local Conditions

SOUTHERN MINNESOTA

by M. Casey

LABOR FORCE ESTIMATES									
AREA	CIVILIAN LABOR FORCE			UNEMPLOYMENT			UNEMP. RATE		
	Oct. 1985	Sept. 1985	Oct. 1984	Oct. 1985	Sept. 1985	Oct. 1984	Oct. 1985	Sept. 1985	Oct. 1984
REGION 6k	30,967	31,084	32,044	1,661	1,630	1,723	5.4	5.2	5.4
Big Stone	3,986	3,987	4,184	181	173	221	4.6	4.3	5.3
Chippewa	7,383	7,584	7,515	443	418	375	6.0	5.5	5.0
Lac Qui Parle	5,667	5,747	5,889	247	250	306	4.4	4.4	5.2
Swift	6,218	6,014	6,586	416	412	500	6.7	6.9	7.6
Yellow Medicine	7,713	7,752	7,870	374	377	321	4.8	4.9	4.1
REGION 8	76,173	76,578	77,720	3,882	4,025	3,437	5.1	5.3	4.4
Cottonwood	7,386	7,567	7,691	411	485	401	5.6	6.4	5.2
Jackson	8,548	8,709	7,998	482	532	317	5.6	6.1	4.0
Lincoln	3,805	3,873	3,969	176	170	197	4.6	4.4	5.0
Lyon	15,705	15,492	16,131	757	699	655	4.8	4.5	4.1
Murray	6,057	6,151	6,364	333	325	376	5.5	5.3	5.9
Nobles	11,839	11,904	12,552	604	634	661	5.1	5.3	5.3
Pipestone	5,842	5,877	6,190	254	252	254	4.3	4.3	4.1
Redwood	11,248	11,290	10,848	648	766	389	5.8	6.8	3.6
Rock	5,743	5,715	5,977	217	162	187	3.8	2.8	3.1
REGION 9	119,059	122,276	121,162	6,300	5,796	6,056	5.3	4.7	5.0
Blue Earth	28,130	27,669	29,045	1,280	1,142	1,190	4.6	4.1	4.1
Brown	14,956	15,130	15,393	700	682	661	4.7	4.5	5.6
Faribault	10,978	11,550	11,170	582	512	483	5.3	4.4	4.3
Le Sueur	11,906	13,441	11,451	1,003	778	859	8.4	5.8	7.5
Martin	13,992	14,360	14,200	760	751	732	5.4	5.2	5.2
Nicollet	14,802	14,660	15,333	660	696	661	4.5	4.7	4.3
Sibley	8,208	8,330	8,672	420	392	527	5.1	4.7	6.1
Waseca	9,428	10,472	9,009	544	521	426	5.8	5.0	4.7
Watsonwan	6,659	6,656	6,889	351	322	317	5.3	4.8	4.6
REGION 10	224,953	226,271	223,644	11,522	11,054	11,827	5.1	4.9	5.3
Dodge	8,858	8,914	8,661	532	553	563	6.0	6.2	6.5
Fillmore	12,738	12,859	12,527	660	673	646	5.2	5.2	5.2
Freeborn	17,973	18,207	18,385	1,038	981	1,133	5.8	5.4	6.2
Goodhue	20,453	20,655	20,489	1,047	1,065	1,089	5.1	5.2	5.3
Houston	10,328	10,546	10,772	486	469	451	4.7	4.4	4.2
Mower	18,085	18,180	18,125	994	876	1,053	5.5	4.8	5.8
Olsted	62,831	62,694	59,943	2,365	2,288	2,351	3.8	3.6	3.9
Rice	23,925	24,007	24,066	1,433	1,349	1,511	6.0	5.6	6.3
Steele	16,884	16,920	17,103	917	870	969	5.4	5.1	5.7
Wabasha	9,854	10,272	9,917	776	634	719	7.9	6.2	7.3
Winona	23,024	23,017	23,636	1,274	1,296	1,342	3.8	3.6	3.9
Rochester City	39,718	39,628	37,902	1,770	1,717	1,757	4.5	4.3	4.6

Labor force estimates for October continue to reflect a tightening job market in southern Minnesota. During the past three months employment estimates have fallen below the comparable year-ago levels, with the size of the deficit increasing each month.

The uncertainty of the agricultural economy has already had some impact on the job market, in particular, in the farm equipment and supply industries. As the farm economy continues to deteriorate job losses will undoubtedly occur in other parts of the regional job market.

While these recent job losses are cause for concern, it should be noted that employment gains occurred during the first six months of this year. This year's job growth built on the expansion of the job market that has occurred since mid-1983. In fact, the estimated number of job holders in southern Minnesota reached its highest level ever this past June when some 444,000+ were employed.

ROCHESTER MSA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT					
INDUSTRY	EMPLOYMENT			PERCENT CHANGE	
	Oct. 1985	Sept. 1985	Oct. 1984	Month Ago	Year Ago
Total Nonagricultural Wage & Salary	56,840	56,880	55,110	- 0.1	3.1
Total Manufacturing	11,310	11,320	10,950	- 0.1	3.3
Durable Goods	9,270	9,270	9,220	0.0	0.5
Nondurable Goods	2,050	2,060	1,730	- 0.5	18.5
Total Nonmanufacturing	45,520	45,550	44,160	- 0.1	3.1
Construction & Mining	2,410	2,230	2,080	8.0	15.9
Transp., Comm., & Pub. Util.	1,890	1,930	1,880	- 1.7	0.9
Wholesale Trade	1,390	1,380	1,290	0.7	7.2
Retail Trade	10,940	10,840	10,260	0.9	6.6
Fin., Insur., & Real Estate	1,600	1,620	1,510	- 1.7	5.8
Total Services	22,320	22,520	22,120	- 0.9	0.9
Health Services	16,140	16,340	15,390	- 1.2	1.3
Other Services	6,180	6,180	6,190	0.0	- 0.1
Government	4,970	5,030	5,020	- 1.1	- 0.8

As the number of available jobs fell from September's level the overall rate of unemployment moved upward. About 5.2 percent of the labor force was unable to find jobs in October. Regional unemployment rates have been slightly above the year-ago levels for several months and the short-term outlook does not appear to offer much hope for any significant improvement during the winter months.

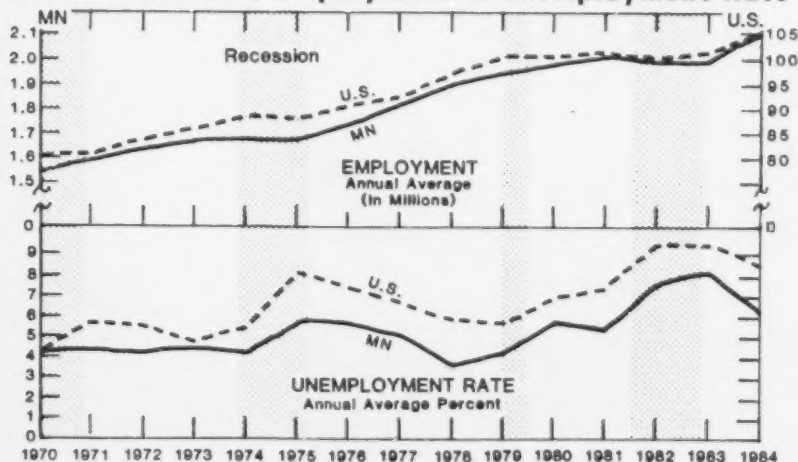
Labor Force Statistics

Labor Force Estimates	MINNESOTA (Numbers in '000's)			UNITED STATES (Numbers in '000,000's)		
	October 1985	Change Last Mo.	From Year Ago	October 1985	Change Last Mo.	From Year Ago
Civilian Labor Force	2247.1	16.5	-20.7	116.3	0.5	2.1
Employed	2128.9	13.3	-23.4	108.4	0.6	2.2
Unemployed	118.2	3.2	2.6	7.9	-0.1	-0.1
Unemployment Rate						
Actual	5.3	0.1	0.2	6.8	-0.1	-0.2
Seasonally Adjusted	6.3	0.1	0.2	7.1	0.0	-0.2

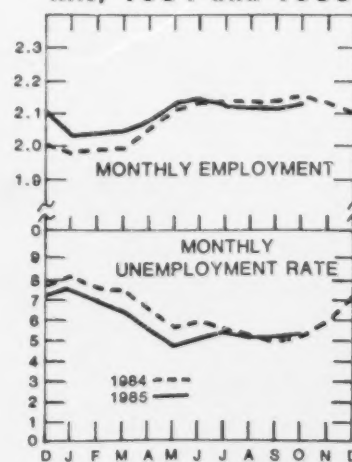
Historical Labor Force Series

Year	Minnesota (Annual Average in Thousands)				United States (Annual Average in Millions)			
	Labor Force	Employment	Unemployment		Labor Force	Employment	Unemployment	
			Number	Rate			Number	Rate
1970	1625.0	1557.0	68.0	4.2	82.8	78.7	4.1	4.9
1971	1664.0	1592.0	73.0	4.4	84.4	79.4	5.0	5.9
1972	1704.0	1630.0	73.0	4.3	87.0	82.2	4.9	5.6
1973	1766.0	1686.0	80.0	4.5	89.4	85.1	4.4	4.9
1974	1769.0	1691.0	77.0	4.3	91.9	86.8	5.2	5.6
1975	1790.0	1684.0	106.0	5.9	93.8	85.8	7.9	8.5
1976	1850.0	1740.0	109.0	5.9	96.2	88.8	7.4	7.7
1977	1909.0	1811.0	98.0	5.1	99.0	92.0	7.0	7.1
1978	1979.0	1903.0	76.0	3.8	102.3	96.0	6.2	6.1
1979	2039.0	1954.0	85.0	4.2	105.0	98.8	6.1	5.8
1980	2111.0	1985.0	125.0	5.9	106.9	99.3	7.6	7.1
1981	2154.0	2035.0	119.0	5.5	108.7	100.4	8.3	7.0
1982	2167.0	1998.0	170.0	7.8	110.2	99.5	10.7	9.7
1983	2176.0	1999.0	178.0	8.2	111.6	100.8	10.7	9.6
1984	2229.0	2088.0	141.0	6.3	113.5	105.0	8.5	7.5

MN and the U.S., Employment & Unemployment Rate



MN, 1984 and 1985



Labor Market Conditions

The table and graphs in this section describe the behavior of the market for labor services in terms of its quantity, price, and supply. The quantity of labor services, which is the number of employed persons, is classified by industry. The price of labor services is roughly indicated by the industry

wage. Unemployment estimates provide a qualified measure of excess labor supply. The degree to which persons participate in the labor market and the effectiveness of the market in utilizing labor services are indicated by Labor-Force Estimates and by Other Rates of Labor Utilization.

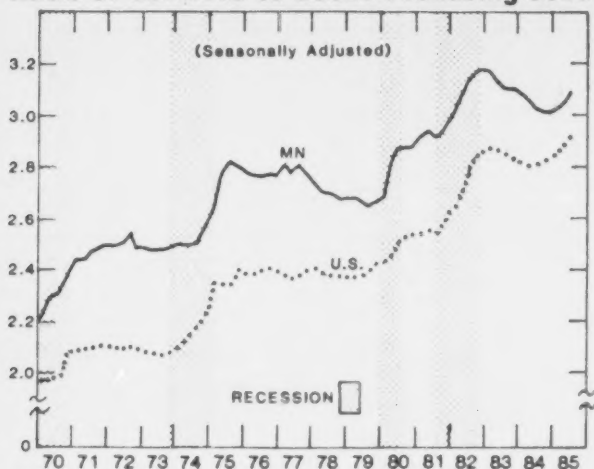
Labor Force & Establishment Data	MINNESOTA (Numbers in Thousands)			UNITED STATES (Numbers in Thousands)		
	III QTR. 1985	Percent Change from		III QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago		Last Qtr.	Year Ago
Labor Force Estimates						
Total Labor Force						
Actual	2242.5	0.2	-0.8	116689	1.2	1.4
Seasonally Adjusted	2213.8	0.3	-0.8	115477	0.3	1.5
Employment						
Actual	2125.7	0.1	-0.7	108450	1.4	1.7
Seasonally Adjusted	2082.7	-0.5	-0.7	107193	0.4	1.8
Unemployment						
Actual	116.8	1.4	-2.7	8239	-0.8	-1.7
Seasonally Adjusted	131.1	15.5	-2.5	8284	-1.6	-1.9
Unemployment Rates						
Actual	5.2	2.0	-1.9	7.1	-1.4	-2.7
Seasonally Adjusted	5.9	15.7	-1.7	7.2	-1.4	-2.7
Other Rates of Labor Utilization						
Participation Rt. (Labor Force/Population (16+))	68.9	0.1	-1.7	64.7	0.0	0.5
Full Employment Deficit - Percent of Workers ^{1/}	1.2	1.1	1.3	3.1	3.2	3.3
Manpower Utilization Rate ^{2/}	83.5	-0.2	-0.9	82.9	0.1	0.0
Nonagricultural Wage & Salary Positions						
Employment (Seasonally Adjusted)	1880.7	0.3	2.5	97936	0.6	3.2
Mining	8.9	-2.2	-8.2	964	-1.5	-1.9
Construction	73.2	-1.2	5.8	4690	0.9	7.3
Manufacturing	375.6	-0.7	-0.5	19331	-0.5	-0.9
Durables	225.3	-0.7	-1.1	11496	-0.8	-1.0
Nondurables	150.3	-0.7	0.4	7835	-0.1	-0.8
Trans., Comm., & Public Utilities	100.0	1.1	2.5	5303	0.2	2.1
Trade	474.8	0.1	2.5	23292	0.8	4.6
Fin., Ins., & Real Estate	110.7	1.5	3.9	5959	1.3	4.4
Services	440.5	0.9	5.0	22049	1.2	5.6
Government	297.0	0.7	2.2	16348	0.9	2.1
Average Weekly Hours (Seasonally Adjusted)						
Mining	39.1	-1.0	0.0	43.3	-0.5	-0.5
Construction	37.5	-1.1	-1.8	37.7	0.3	0.0
Manufacturing	40.4	1.3	0.5	40.5	0.5	0.0
Durables	41.0	0.2	-0.2	41.2	0.2	-0.2
Nondurables	39.6	2.9	1.5	39.6	0.8	0.3
Trans., Comm., & Public Utilities	36.4	-4.0	-3.4	39.4	-0.3	-0.5
Trade	29.9	0.0	-1.6	31.8	-0.6	-0.9
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	36.4	-0.3	-0.5
Services	n.a.	n.a.	n.a.	32.8	0.0	0.0
Average Hourly Wage						
Mining	12.66	-2.5	-2.8	11.95	0.2	2.5
Construction	15.37	-0.3	3.1	12.25	0.7	1.0
Manufacturing	10.01	-0.6	3.4	9.52	0.3	3.6
Durables	10.30	1.1	4.5	10.10	0.5	3.7
Nondurables	9.64	-2.5	2.1	8.70	0.6	3.4
Trans., Comm., & Public Utilities	11.83	1.0	1.3	11.41	1.2	2.2
Trade	7.57	-0.3	0.8	6.87	-0.1	2.2
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	7.92	0.5	3.7
Services	n.a.	n.a.	n.a.	7.93	0.5	4.1

^{1/} Four percent is a generally agreed upon criteria for measuring full employment. It allows for the movement of persons between jobs. Labor Force Unemployment Rate less four percent, based on official estimates.

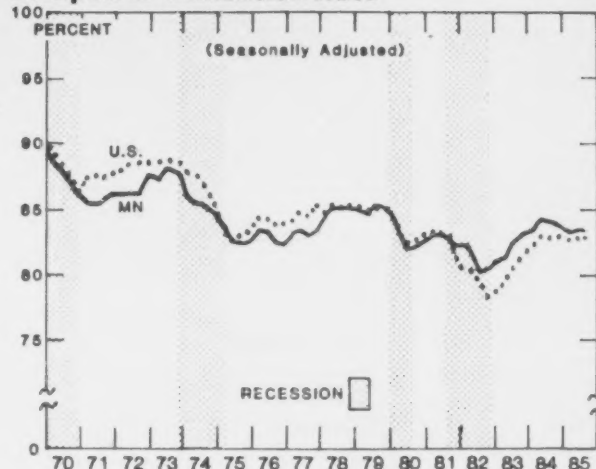
^{2/} Estimated worker hours expended in nonfarm payroll employment as a percent of potential worker hours assuming that each member of the nonfarm labor payroll labor force was employed at a standard rate of 40 hours per week.

Labor Market Conditions

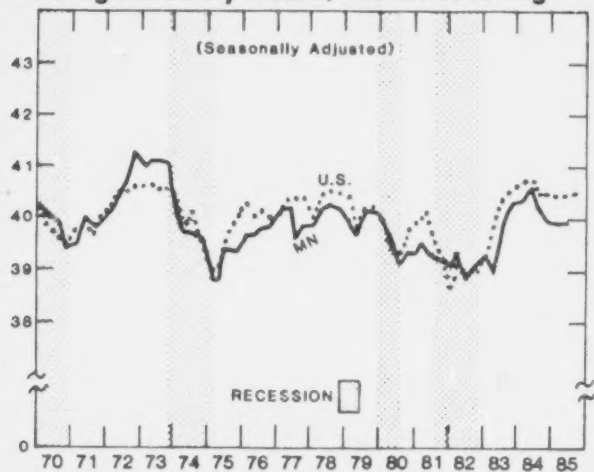
Ratio of Services to Goods Producing Jobs



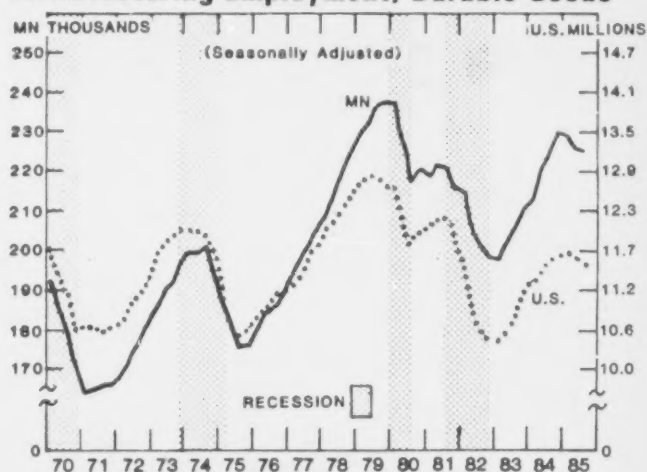
Manpower Utilization Rate



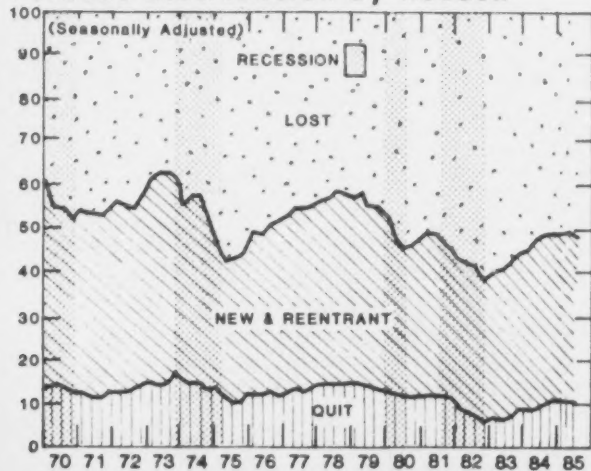
Average Weekly Hours, Manufacturing



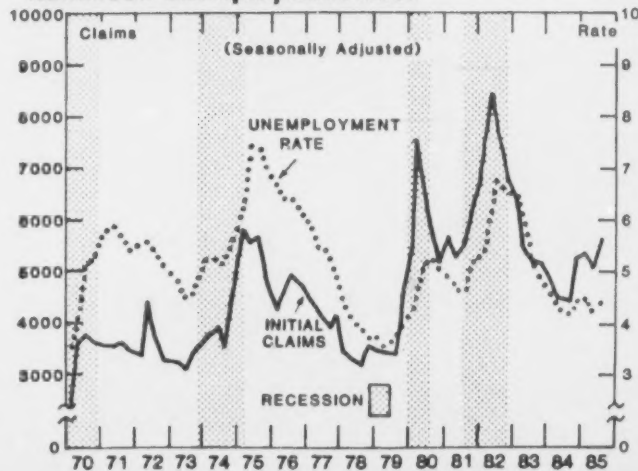
Manufacturing Employment, Durable Goods



U.S. Unemployment: Percent Distribution by Reason



MN Weekly Initial Claims & Handbook Unemployment Rate



Labor Market Conditions

The Table below provides data on persons who file claims for unemployment compensation in Minnesota. Only those claiming benefits from the regular State program are represented, since data on the characteristics of Federal employees and veterans are not available, and data on those receiving benefits from extended programs is

reported only when those programs are in effect. If those receiving extended benefits were included they would distort the numerical comparisons over time, but would not substantially change the percentage distributions other than to increase the proportion of long-term unemployed.

Persons Claiming Benefits	Third Quarter 1985			October 1985			
	Number	Percent Change From		Number	Percent Change From		Percent Long Term
		Last Qtr.	Year Ago		Month Ago	Year Ago	
By Age & Sex							
Male	20189	-24.9	41.1	19720	4.2	43.6	19.2
Under 45	15682	-24.2	41.4	15161	4.7	41.2	18.4
16-24	3144	-31.3	38.0	3231	14.1	26.6	15.8
25-34	7930	-23.6	41.4	7567	3.5	41.8	18.5
35-44	4608	-19.5	43.7	4363	0.6	53.2	20.2
45 and Over	4507	-27.1	40.1	4559	2.4	52.3	22.0
45-54	2522	-26.6	41.4	2544	2.0	48.4	19.5
55 and Over	1985	-27.8	38.4	2015	3.1	57.5	25.1
Female	12893	10.3	17.4	10924	-1.3	23.9	25.5
Under 45	9628	11.2	19.1	8258	-1.3	25.3	24.4
16-24	2022	2.7	26.5	1786	0.9	20.1	22.4
25-34	4519	12.4	14.3	3868	-1.4	23.7	24.4
35-44	3087	15.7	21.9	2604	-2.7	31.7	25.7
45 and Over	3265	7.8	12.5	2666	-1.5	19.7	29.0
45-54	1900	8.6	14.0	1566	-0.8	20.6	27.3
55 and Over	1365	6.6	10.5	1100	-2.5	18.4	31.3
By Industry	33082	-14.2	30.8	30644	2.1	35.9	21.5
Ag., For., Fish.	267	-48.6	1.9	341	30.2	28.7	11.0
Mining	1292	172.0	9.6	982	-6.7	75.0	13.6
Construction	2407	-70.3	22.2	2528	15.3	18.2	9.8
Manufacturing	13733	1.8	97.4	12936	2.0	87.2	23.2
Pub. Utilities	1343	-27.4	19.0	1151	2.1	4.5	19.6
Wholesale Trade	2379	-11.8	38.2	2241	-3.1	24.8	25.2
Retail Trade	3655	-8.6	15.5	3443	3.8	21.2	22.2
Fin., Ins., Real Est.	916	-4.9	-5.2	924	1.3	-9.1	25.1
Services	6040	10.6	-13.6	5017	-2.9	2.6	24.8
Public Admin.	593	5.5	5.5	680	14.9	14.1	14.5
Inf. Not Available	457	4.8	14.8	401	2.8	-6.1	0.7
By Occupation	33082	-14.2	30.8	30644	2.1	35.9	21.5
Prof., Tech., Mgr.	6039	25.9	9.7	5554	0.5	31.4	26.6
Clerical	4252	12.5	14.4	3831	-2.0	17.4	26.7
Sales	1453	1.9	23.4	1448	0.1	27.2	25.8
Services	2295	-3.4	-5.9	2097	5.0	-2.9	21.2
Farm., For., Fish.	191	-59.1	-1.5	251	41.0	5.5	7.4
Processing	1490	-22.7	44.5	1705	-6.2	99.2	11.4
Machine Trade	2863	-3.2	83.6	2987	5.8	84.5	17.8
Benchwork	5170	14.8	120.6	4395	3.9	69.6	27.5
Structural Work	3869	-59.6	29.2	3885	11.7	25.6	13.0
Misc.	5203	-19.1	29.3	4319	-1.8	40.1	17.7
Inf. Not Available	257	-19.2	-17.6	172	-13.1	-38.4	18.8
By Duration	33082	-14.2	30.8	30644	2.1	35.9	
0-14 Weeks	26057	-5.3	29.6	24056	3.7	33.7	
15+ Weeks (Long-Term)	7025	-36.4	35.5	6588	-3.3	44.7	

Labor Market Conditions

MINNESOTA NONAGRICULTURAL WAGE & SALARY EMPLOYMENT, HOURS & EARNINGS

Industry	EMPLOYMENT ^{1/} (thousands)			PERCENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS ^{2/}					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	Oct. 1985	Sept 1985	Oct 1984	Sept. 1985	Oct 1984	Oct. 1985	Sept 1985	Oct 1985	Sept 1985	Oct. 1985	Sept. 1985
Total Nonagricultural	1911.8	1907.4	1883.1	0.2	1.5						
Manufacturing	374.9	382.4	381.9	-2.1	-1.8	409.05	406.62	10.15	10.04	40.3	40.5
Durable Goods	224.3	226.9	230.8	-1.2	-2.8	422.82	422.28	10.44	10.35	40.5	40.8
Lumber and Furniture	17.5	18.3	17.1	-4.2	2.7	412.44	449.35	10.63	10.75	38.8	41.8
Stone, Clay and Glass	8.3	8.5	9.4	-2.8	-11.8	397.66	404.53	10.52	10.48	37.8	38.6
Primary Metals	5.6	5.8	6.2	-3.8	-10.1	354.56	348.77	9.38	9.13	37.8	38.2
Fabricated Metals	35.2	35.3	35.6	-0.4	-1.3	459.31	467.41	11.23	11.29	40.9	41.4
Nonelectrical Machinery	91.4	92.0	94.1	-0.7	-2.9	457.88	442.54	11.06	10.90	41.4	40.6
Office and Computing	47.5	47.6	49.6	-0.2	-4.3	532.40	494.77	12.10	11.98	44.0	41.3
Electrical Machinery	27.4	27.5	28.5	-0.4	-3.9	328.32	324.42	8.27	8.05	39.7	40.3
Transportation Equipment	6.4	6.7	6.8	-4.5	-5.9	497.62	500.32	11.82	11.80	42.1	42.4
Scientific Instruments	27.1	27.3	27.7	-0.8	-2.4	423.07	415.75	10.17	9.97	41.6	41.7
Miscellaneous Manufacturing	5.5	5.5	5.4	0.0	1.6	354.00	368.23	8.85	9.16	40.0	40.2
Non durable Goods	150.6	155.9	151.1	-3.4	-0.3	390.40	386.56	9.76	9.64	40.0	40.1
Food and Kindred	46.0	51.4	47.4	-10.4	-2.9	346.09	333.20	8.26	7.84	41.9	42.5
Textiles and Apparel	4.5	4.6	5.3	-2.1	-13.7	236.84	230.02	6.12	5.99	38.7	38.4
Paper and Allied	33.5	33.7	34.2	-0.7	-2.0	494.56	498.80	11.86	11.82	41.7	42.2
Printing and Publishing	42.7	42.5	40.6	0.6	5.3	397.36	404.06	10.54	10.98	37.7	36.8
Chemicals and Petroleum	10.2	10.2	10.0	0.0	2.1	451.67	454.99	11.32	11.29	39.9	40.3
Rubber, Plastic and Leather	13.6	13.5	13.6	0.7	-0.3	317.34	316.48	8.44	8.60	37.6	36.8
Nonmanufacturing											
Mining	9.2	9.4	10.4	-1.9	-11.7	474.39	482.69	12.55	12.57	37.8	38.4
Metal Mining	6.6	6.8	8.1	-1.7	-17.7	488.96	491.32	13.62	13.61	35.9	36.1
Construction	84.3	85.9	81.5	-1.9	3.4	601.77	629.57	15.43	15.70	39.0	40.1
Transport., Comm., & Pub. Util	101.0	100.8	99.1	0.2	1.9						
Transportation	66.4	65.9	63.9	0.7	3.8						
Trucking and Warehousing	27.0	27.1	26.3	-0.5	2.7	391.88	385.44	11.56	11.54	33.9	33.4
Communication and Public Util	34.7	34.9	35.2	-0.6	-1.5	542.08	552.75	13.62	13.75	39.8	40.2
Trade	480.6	482.7	474.6	-0.4	1.3	227.97	231.65	7.65	7.62	29.8	30.4
Wholesale	120.1	120.1	119.3	0.0	0.7	384.18	393.09	10.11	10.21	38.0	38.5
Retail	360.5	362.7	355.3	-0.6	1.5	182.76	186.02	6.67	6.62	27.4	28.1
Building Materials	18.5	18.7	18.3	-1.4	0.9	313.65	320.89	8.50	8.58	36.9	37.4
General Merchandise	52.0	49.9	51.9	4.2	0.2	172.26	175.34	6.31	6.24	27.3	28.1
Food Stores	47.6	48.0	47.0	-0.7	1.3	196.42	196.14	6.99	7.03	28.1	27.9
Automotive	39.4	39.6	37.1	-0.4	6.4	355.10	365.25	9.52	9.74	37.3	37.5
Apparel	17.5	17.4	17.4	0.7	0.4	129.50	129.98	5.18	5.22	25.0	24.9
Home Furnishings	14.0	13.7	12.7	1.9	10.2	221.31	244.83	7.28	7.58	30.4	32.3
Eating and Drinking	123.3	127.5	122.5	-3.3	0.7	101.81	105.11	4.67	4.55	21.8	23.1
Fin., Insur., Real Est.	110.9	111.2	106.9	-0.2	3.8						
Finance	51.8	51.6	49.8	0.5	4.1						
Insurance	40.5	40.7	38.8	-0.5	4.4						
Real Estate	18.6	18.9	18.3	-1.3	1.8						
Services	446.6	447.5	430.5	-0.2	3.7						
Personal Services	22.1	21.2	20.2	4.1	9.1						
Business Services	83.0	83.6	78.1	-0.8	6.2						
Repair Services	20.2	20.0	19.4	1.0	4.1						
Health Services	138.3	138.7	136.4	-0.3	1.4						
Hospitals	48.1	48.4	49.4	-0.6	-2.8						
Nursing Homes	39.7	40.0	39.1	-0.7	1.6						
Legal Services	12.6	12.5	11.6	0.5	8.0						
Private Education	25.8	22.8	24.6	13.1	4.5						
Government	304.2	287.0	298.1	6.0	2.0						
Federal	31.5	31.7	30.6	-0.6	3.0						
State	76.8	71.4	75.9	7.6	1.1						
Education	42.5	34.8	41.3	22.0	2.9						
Local	195.9	183.9	191.6	6.5	2.2						
Education	103.7	90.7	101.5	14.3	2.1						

^{1/} Totals may not add because of rounding.

^{2/} Average earnings data are on a "gross" basis and are derived from reports of payroll for full and part-time production or nonsupervisory workers. The payroll is reported before deductions of any kind. Bonuses, retroactive pay, tips, payment in kind, and "fringe benefits" are excluded.

National Economic Activity

Spending, Output, Income, and Prices

The overall level and composition of National Output shape labor market conditions, and nominal and real earnings. (Nominal values are not adjusted for inflation; real values are adjusted for inflation.) Personal Consumption Expenditures, especially on Durable Goods, together with data on Retail Sales, are frequently used as indicators of future levels of employment. The number of Building Permits influences the level of employment in construction and related industries. The Federal Budget Deficit

is a key indicator of the stimulatory effect of government policy. Whether this effect results in inflation, improved employment conditions, or some combination of the two, depends in part, upon the degree to which present productive capacity is utilized. Present and anticipated Money and Credit Conditions determine the ability of consumers, business, and State and Local governments to borrow in order to finance purchases, which, in turn, generate income and employment.

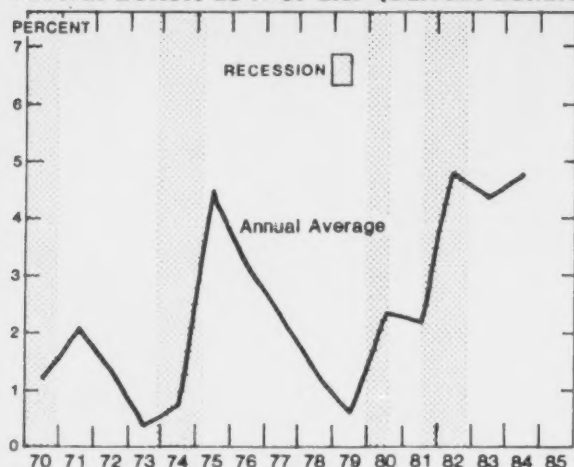
Spending, Output, Income, and Prices	United States		
	III QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago
Spending and Output			
Gross National Product (in Billions of 1972 Dollars)	1684.8	0.8	2.4
Personal Consumption Expenditures	1115.2	1.2	4.6
Durable Goods	199.2	4.8	12.5
Nondurable Goods	403.9	0.2	2.1
Services	512.1	0.7	3.8
Gross Private Domestic Investment	278.1	-3.9	-7.4
Nonresidential, Fixed	217.7	-1.2	3.9
Residential, Fixed	62.5	2.6	4.0
Net Exports	-34.0	#	#
Government Purchases	325.5	3.8	6.3
Federal	139.4	7.5	11.5
State and Local	186.1	1.2	2.8
Current Federal Budget Surplus (Deficit) 1/	-201.0	-214.1	-180.6
Current Federal Budget Surplus (Deficit) as % of GNP	-5.1	-5.6	-4.9
Retail Sales (in millions of dollars)	117228	2.4	8.8
Industrial Production (Base Year - 1977)	124.5	0.2	1.0
Housing Starts (Annualized in Thousands)	1664	-6.1	0.1
Plant Utilization Rates	80.1	-0.3	-1.8
New Orders - Durable Goods (in millions of dollars)	105936	2.7	5.2
Income and Credit			
Total Personal Income (in billions of dollars)	3199.2	0.8	5.0
Total Disposable Personal Income (in billions of dollars)	2712.6	-0.5	4.1
Per Capita Personal Income			
Current Dollars	13385	0.5	4.1
1972 Dollars	4186	-0.1	0.9
Median Family Income - Family of Four (in dollars)	34543	0.5	3.9
Poverty Threshold for Family of Four (in dollars)	10650	---	4.4
Average Weekly Earnings of Production Workers in Mfg.	385.11	0.6	3.5
Money and Credit			
Money Supply (M2) (in billions of dollars)	2510.8	2.5	9.5
Federal Reserve Discount Rate	7.50	-3.5	-16.7
Prime Rate Charged by Banks	9.50	-6.9	-26.9
Consumer Installment Credit as % of Disp. Pers. Income	18.9	5.8	14.8
Prices			
Consumer Price Index (All Urban Consumers)	323.6	0.7	3.4
Food	301.8	0.2	1.9
Housing	352.8	1.3	3.9
Apparel	205.9	0.3	2.8
Transportation	320.7	-0.1	2.4
Medical Care	406.3	1.7	6.4
Personal Care	283.2	0.9	3.9
Producer Price Index	307.3	-0.7	-1.1
Finished Goods	291.2	-0.2	0.3
Raw Materials	296.5	-2.8	-9.8

Percent change not applicable

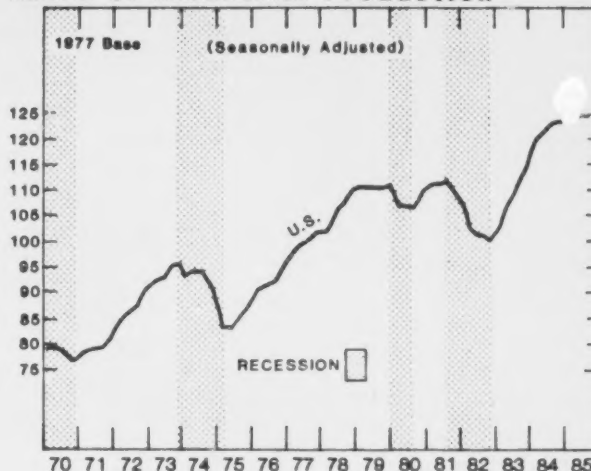
1/ Represents values - not percent change.

Output, Expenditures, Money, & Credit Conditions

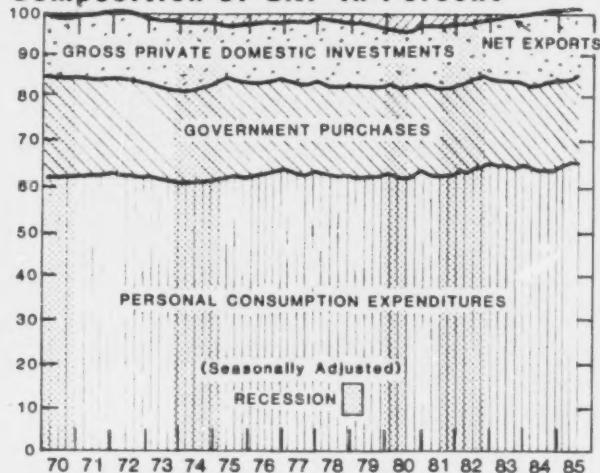
Federal Deficit as % of GNP (Current Dollars)



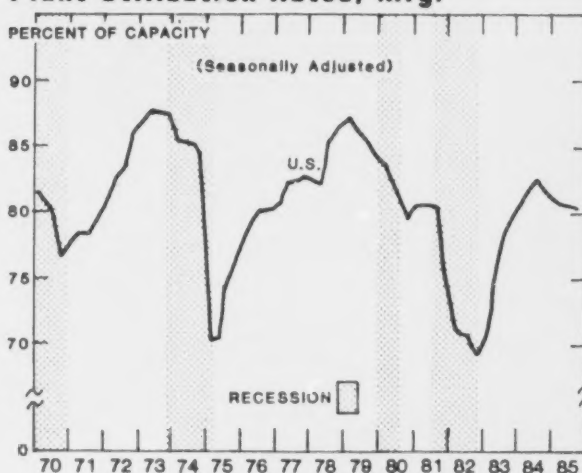
Index of Industrial Production



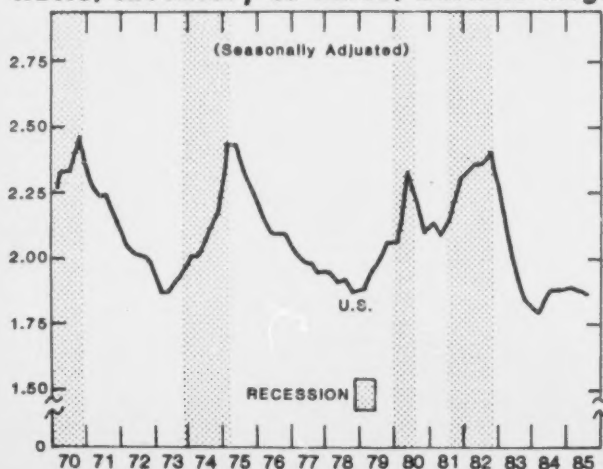
Composition of GNP in Percent



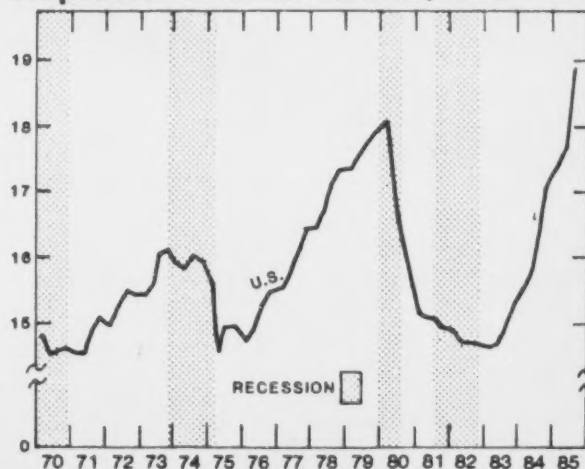
Plant Utilization Rates, Mfg.



Ratio, Inventory to Sales, Durable Mfg.

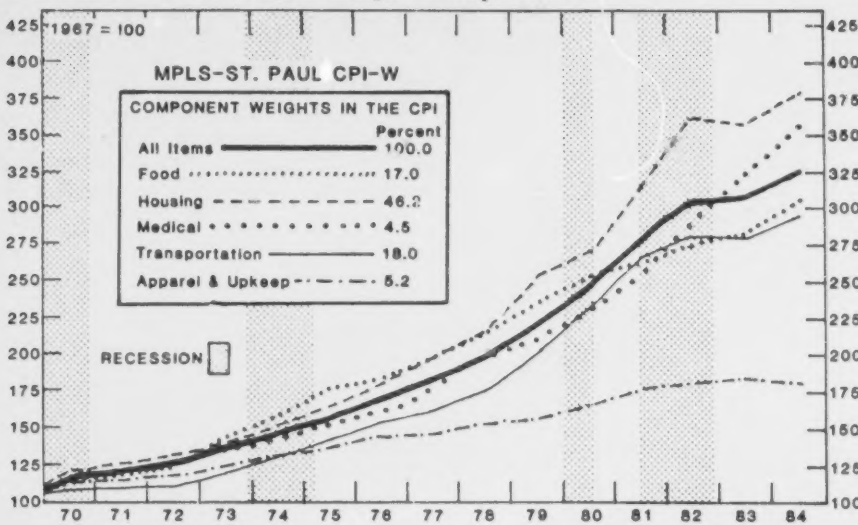


Ratio, Consumer Installment Debt to Disposable Personal Income, U.S.

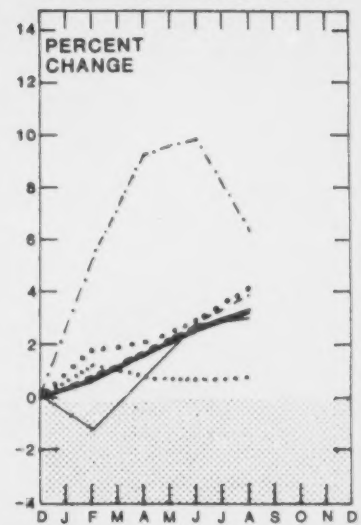


Income & Purchasing Power

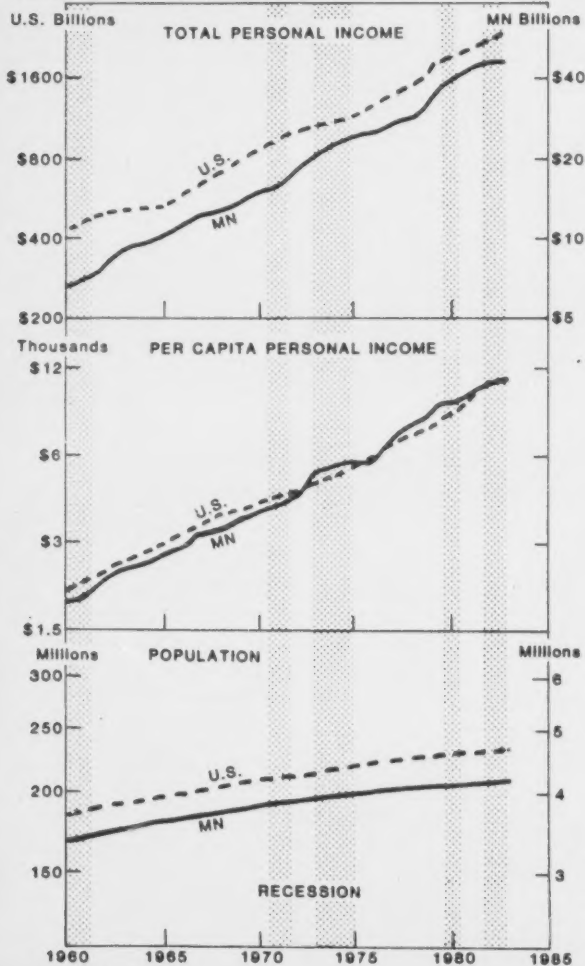
Consumer Price Index—Major Components



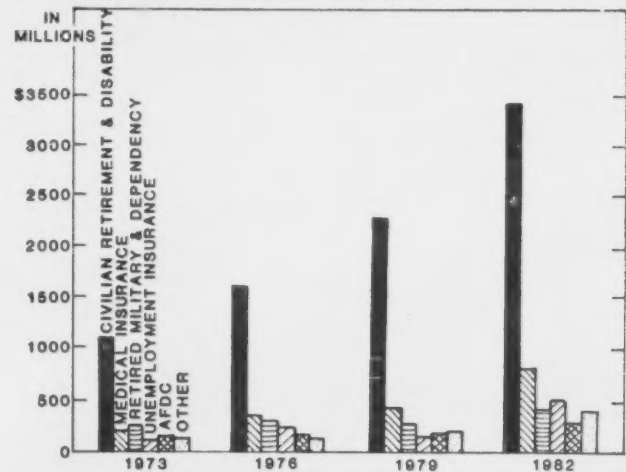
% Δ From Dec. 1984



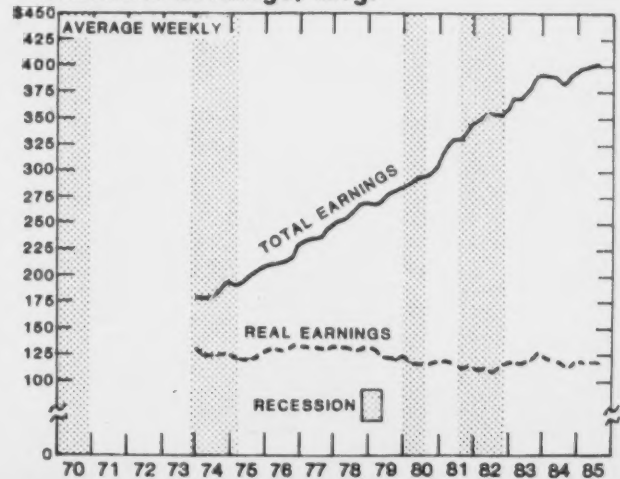
U.S. & MN Personal Income and Population



Government Transfer Payments To Individuals In Minnesota (Selected Years)



Minnesota Earnings, Mfg.



Minnesota Income Support and Employment Assistance Data

Presented below is data on income support and employment assistance programs provided to unemployed Minnesotans. Usually, the number of individuals receiving payments or employment and training assistance is the average of the three months in the quarter. In most programs there are eligibility requirements which must be met. In the

table below, comparative data from a quarter ago and a year ago is presented. Because of seasonal swings in economic activity, quarter to quarter comparisons of program data can vary significantly. Year ago comparisons give a better indication of trends in the economy.

	Number of Persons			Amount Paid (Thousands)		
	III Qtr. 1985	Last Quarter	Last Year	III Qtr. 1985	Last Quarter	Last Year
Unemployment Insurance						
Total State	37,413	52,054	31,183	\$16,971.1	\$24,795.2	\$13,341.0
Northeast	4,986	5,912	4,382	2,197.3	2,885.0	1,778.8
Northwest	3,887	7,253	3,665	1,607.7	3,129.7	1,495.1
Central	3,880	6,868	3,087	1,666.3	3,109.4	1,271.3
Metropolitan	17,361	21,029	14,211	8,626.9	10,963.3	6,576.4
Southern	7,300	10,991	5,837	2,872.9	4,707.7	2,209.5
General Assistance						
Total State	INA	40,339	28,412	INA	\$8,148.4	\$5,965.8
Northeast		6,853	5,770		1,283.1	1,211.0
Northwest		4,538	2,736		793.7	485.5
Central		2,500	1,507		453.5	296.3
Metropolitan		22,097	15,577		4,786.2	3,400.8
Southern		4,351	2,822		831.1	572.3
Job Service						
Individuals served	107,962	163,790	103,680			
Individuals placed	11,361	4,985	13,466			
Vocational Rehabilitation						
Active Caseload	15,661	15,707	14,686			
Percent Severely Disabled	54.9	55.6	56.2			
Closed-Employed	504	367	492			
Job Training Partnership Act (Title IIA)						
Participants	INA	13,392	9,503			
Entered Employment	INA	3,471	1,945			
Trade Adjustment Assistance (TRA)						
Individuals Entitled to Basic TRA	32	7	16			
Individuals Placed or Entered Training	5	11	32			
Targeted Jobs Tax Credit						
Individuals Vouchered	2,076	3,450	2,230			
Individuals Certified	1,367	1,364	1,431			
Food Stamp Program						
Registrations	2,428	1,557	2,161			
Individuals Entered Employment	155	162	182			
Work Incentive Program						
Registrants On-Board	25,913	25,237	25,155			
Individuals Entered Employment	481	508	INA			
MEED						
Individuals On-Board	4,905	5,941	7,315			
Left Program with Unsubsidized Job	514	637	776			

Available Publications

Write to: Director, Research and Statistics Office (See inside cover for address)

Review of Labor and Economic Conditions and its Monthly Supplement (Recent Issues)

Minnesota Employment Outlook to 1990 (February 1985)

Labor Market Information Summary for 1985 for Minneapolis-St. Paul SMSA (May 1984), St. Cloud SMSA (June 1984), Duluth SMSA (September 1984), and Minnesota (April 1984)

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings, January 1950 December 1984 (April 1985)

Employment, Hours, and Earnings, 1950-1985, Minneapolis-St. Paul Area (April 1985)

Important Minnesota Occupations by Industry (August 1984)

1982 Occupational Employment Statistics in Minnesota (April 1984)

1983 Occupational Employment Statistics in Minnesota (December 1984)

1985 Minnesota Salary Survey by Area (July 1985)

1985 Minnesota Hospitals and Nursing Homes Salary Survey (August 1985)

1985 Minnesota Wage Data by Industry and Size of Firm (September 1985)

Minnesota Labor Market Information Directory (June 1984)

Minnesota Employment and Wage Data by County (First Quarter 1985) Limited number available for 1975-1983

Average Covered Employment & Wages by Economic Region for the Calendar Year 1984 by Two Digits of Industry (also available for 1976-1983)

Unemployment Compensation Program Statistics: Total Wages, Taxable Wages, Contributions Due, and Benefits Paid, 1950-1978

Cyclical Sensitivity in Minnesota (August 1981)

THE JOB MARKET (Continued from page 5)

Table 1 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 1 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work.

Table 1. Experienced Supply/Job Openings Demand^{1/}

Occupation	Applicants (Supply) Oct, 1985	Job Openings (Demand) Oct, 1985	Supply/Demand Ratio	
			Oct, 1985	Oct, 1984
Total	107,803	16,550	6.5	5.7
Prof., Tech., Mgr.	14,414	1,766	8.2	8.0
Clerical	19,285	3,066	6.3	5.3
Sales	5,831	2,167	2.7	2.6
Dom. Services	1,614	161	10.0	9.6
Other Services	17,022	4,518	3.8	3.7
Farm., Fish., For.	2,192	379	5.8	6.8
Processing	2,157	1,087	2.0	2.5
Machine Trades	7,315	661	11.1	7.9
Benchwork	8,208	597	13.7	7.7
Structural Work	12,581	780	16.1	11.1
Mtr. Frght., Trans.	4,332	696	6.2	5.4
Pkg. & Mat. Hndlg.	11,784	580	20.3	10.7
Other	1,068	92	11.6	11.4

^{1/} Inexperienced and improperly coded job applicants are not included in this table.